

# CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

## Public Benefit Analysis Exempt Facility Project Pool 2003 Summary

Each year, the California Debt Limit Allocation Committee (Committee) reserves a portion of its tax-exempt private activity bond authority for the Exempt Facility Project Pool. These tax-exempt bonds are used to finance primarily solid waste disposal and waste recycling facilities. There are four categories that the Committee uses to prioritize its allocation to exempt facility projects: 1) First Tier Business<sup>1</sup> under Regulatory Mandate<sup>2</sup>, 2) Non-First Tier Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, 4) All other Applications for Exempt Facilities. The tax-exempt bonds provide low cost financing, in the form of below market interest rates, to project owners. The interest rate savings enable project owners to maintain lower customer rates or minimize customer rate increases, while at the same time assisting the communities served by the projects meet their mandated requirements to protect and enhance the environment. These projects also benefit the communities by creating new jobs. Under the leadership of State Treasurer Philip Angelides, the Committee has redirected the award of allocation to smaller companies in order to assist their communities meet their environmental mandates.

In 2003, the Committee awarded \$130,550,000 in allocation, representing 4.9% of the total \$2.633 billion state ceiling. The allocation was awarded in three allocation rounds to a single issuer, the California Pollution Control Financing Authority (CPCFA), for a total of 14 exempt facility projects with sites located throughout California. The allocation was distributed between two categories: 1) 34%, or \$44,850,000, of the allocation was allocated to First Tier Projects Under Regulatory Mandate, and 2) 66%, or \$85,700,000, of the allocation was allocated to Non-First Tier Projects Under Regulatory Mandate. The 2003 allocations financed 11 First Tier Projects under Regulatory Mandate and 3 Non-First Tier Projects under Regulatory Mandate. Of these 14 projects, 7 are solid waste disposal and/or recycling facilities, which include the construction of new facilities or the expansion of existing facilities, a new green waste biomass facility that will transform both green waste and food waste into diesel fuel and compost material, and the purchase of more efficient and cleaner fuel burning equipment. Seven projects propose the construction and installation of new facilities at dairy farms that will assist the dairies to meet their solid waste disposal requirements. In addition, over 542 full time jobs are expected to be created as a result of these allocations.

### **2003 Total Benefit of Exempt Facility Project Pool**

<b>Allocation Amount</b>	<b>First Tier Projects Under Regulatory Mandate</b>	<b>Non-first Tier Projects Under Regulatory Mandate</b>	<b>Total Exempt Facility Projects</b>
\$130,550,000	34% or \$44,850,000 (11 Projects)	66% or \$85,700,000 (3 Projects)	14

<sup>1</sup> "First Tier Business" means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (CPCFA) (Title 4, California Code of Regulations, Sections 8001-8083).

<sup>2</sup> "Regulatory Mandate" means a local, state or federal government mandate such as the California Public Resources Code, Section 40000 et seq. ("AB 939"), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.

### 2003 Summary Of Benefit By Project

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
Placer County Eastern Regional Sanitary Landfill, Inc.	\$5,600,000	The Company provides solid waste collection, hauling and disposal, and recycling. The project will expand an existing 45,000-square foot Materials Recovery Facility <sup>3</sup> (MRF) by an additional 31,5000 square feet and sorter line. The Project will increase the processing of solid waste material from 350 tons per day to 675 tons per day and will create 12 new full time jobs. A significant portion of the increased tonnage will be recyclable material that will be diverted from local landfills. The Project includes the purchase of alternative fuel trucks, aboveground fuel tanks, and sort line conveyers. The Project should create public benefits typical of a solid-waste exempt facility project, including reduced landfill, improved air quality and energy efficiency from the purchase of new vehicles, and improved recycling due to the MRF expansion. Consumer benefits may be a reduction in rates or a delay in future rate increases. The project will serve portions of Placer, El Dorado, and Nevada Counties; and the Cities of Truckee and Colfax; and the North Star Community Services District, Alpine Springs Water District, and Squaw Valley Public Services District; and various National and State parks for the U.S. Forest Service; and the Sierra District of the State Parks Department.
Mill Valley Refuse Service, Inc.	\$2,600,000 (awarded in Round 1)  \$600,000 (supplemental allocation awarded in Round 2)	The Company provides solid waste collection, hauling and disposal, and recycling. The project consists of the purchase of new vehicles and collection carts. The Project will convert its current source separated fleet to a single stream (commingled) collection, which will provide an efficient means of recycling waste. The Project will result in the diversion of an additional 7,800 tons of recyclable material from landfills per year. The Project should create public benefits typical of a solid-waste exempt facility project, including reduced land fill, improved air quality and energy efficiency from the purchase of new vehicles. Consumer benefits may be a reduction in rates or a delay in future rate increases. The Project will serve 15,000 single-family residences in the Cities of Belvedere, Tiburon, Mill Valley and Corte Madera; the Alto, Holmstead & Almonte Sanitary Districts; and the surrounding unincorporated areas of Marin County.
Norcal Waste Systems	\$48,185,000	The Company provides solid waste collection, hauling and disposal, and recycling. The San Francisco component of the Project involves the automation of the municipal waste collection enterprise within the City & County of San Francisco. The Project consists of the expansion of the existing recycling facility on Pier 96 in San Francisco and the purchase of a fleet of low emission, fuel-efficient trucks and support vehicles to service the City & County. Residual waste and recyclable organic waste will be routed to the Sanitary Fill Station located at 501 Tunnel Road in San Francisco, which will be renovated and equipped to handle the increased amount of waste material. The San Jose component involves the purchase of low emission collection trucks and support vehicles, waste carts, bins and boxes to assist the Company in fulfilling its contractual commitments to the City of San Jose. The Project will create public benefits typical of a solid-waste exempt facility project, including reduced landfill, improved air quality and energy efficiency from the purchase of new vehicles and improved recycling due to the MRF expansion. The project will divert 180,000 tons of solid waste per year from area landfills.

<sup>3</sup> "MRF" means Materials Recovery Facility. This is a facility that receives, sorts, and bales for resale recyclable waste material collected from residential and commercial establishments.

### 2003 Summary Of Benefit By Project

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
John B. and Ann M. Verwey	\$3,400,000	The Project's principal activity is dairy farming. The Project consists of a modern "freestall and open corral" design and supporting agricultural crop production. The site is approximately 1,010 acres of farmland. The Project will recover and divert approximately 11,000 tons of solid waste per year from landfills. The Project will improve the water quality by diverting waste away from possible contamination of groundwater and surface water sources. The Project will create 30 new full-time jobs.
Cornelius A. and Eleanor Jane Vanderham Family Trust	\$2,000,000	The Project's principal activity is dairy farming. The Project consists of a modern "freestall and open corral" design and supporting agricultural crop production. The site is approximately 800 acres of farmland. The Project will recover and divert approximately 11,140 tons of waste per year from landfills. The Project will improve the water quality by diverting the manure away from possible contamination of groundwater and surface water sources. The Project will create 12-15 new full-time jobs.
P&D Dairy	\$3,000,000	The Project's principal activity is dairy farming. The Project consists of a modern "freestall and open corral" design and supporting agricultural crop production. The site is approximately 1,070 acres of farmland. The dairy will occupy 160 acres and the remaining 910 acres will remain under agricultural use, supplying feed crops to the dairy. The Project will recover and divert approximately 12,560 tons of waste per year from landfills. The Project will improve the water quality by diverting the waste away from possible contamination of groundwater and surface water sources. The Project will create 25 new full-time jobs as well as 5 part-time jobs.
Agrifab, Inc. and Vintage Dairy	\$5,800,000	The Project's principal activity is dairy farming. The Project consists of a modern "freestall and open corral" design and supporting agricultural crop production. The site is approximately 677 acres of farmland. The Project will recover and divert approximately 9,000 tons of waste per year from landfills. The Project will improve the water quality by diverting the waste away from possible contamination of groundwater and surface water sources. The Project will create 4 new full-time jobs as well as 20 temporary jobs during construction.
George Borba & Son Dairy	\$3,800,000	The Project's principal activity is dairy farming. The proposed Project consists of a modern "freestall and open corral" dairy design and supporting agricultural crop production. The total site area is approximately 3,200 acres of farmland. The dairy will occupy 320 acres and the remaining 2,880 acres will remain under agricultural use, supplying feed crops to the dairy. The Project will recover and divert approximately 23,300 tons of waste per year from landfills. The Project will improve the water quality by diverting the waste away from possible contamination of groundwater and surface water sources. The Project will create 75 new full-time jobs as well as 100 temporary jobs during construction and 15 additional part-time jobs to help grow the feed necessary to support the project.
B&B Dairy, LLC	\$8,000,000	The Project's principal activity is dairy farming. The proposed Project consists of a modern "freestall and open corral" dairy design and supporting agricultural crop production. The total site area is approximately 2,300 acres of farmland. The dairy will occupy 341 acres and the remaining 1,959 acres will remain under agricultural use, supplying feed crops to the dairy. The Project will recover and divert approximately 21,200 tons of waste per year from landfills. The Project will improve the water quality by diverting the waste away from possible contamination of groundwater and surface water sources. The Project will create 75 new full-time jobs as well as 100 temporary jobs during construction and 15 additional part-time jobs to help grow the feed necessary to support the project.

### 2003 Summary Of Benefit By Project

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
Orange Avenue Disposal Service, Inc.	\$3,000,000	<p>The proposed Project, based upon additional solid waste material that the Project Sponsor now anticipates to run through the facility, will increase waste processing efficiency. Although the maximum tonnage of material processed (3,100 tons per day) will remain the same, the addition of a second sort line, bailer, and construction and demolition pick line will allow the Project Sponsor to increase its processing efficiency. In addition, the Project Sponsor intends to increase the size of its MRF by 10,000 square feet and purchase additional bins, containers, collection vehicles and associated collection equipment to facilitate the Project Sponsor's solid waste collection efforts.</p>
Valley Vista Services, Inc.	\$4,700,000	<p>1) Valley Vista Services, Inc. (Project Sponsor) is a waste collection company, which collects both residential and commercial waste from the Cities of El Monte, Diamond Bar, La Puente, Industry, Pasadena, Pomona, Vernon, Hacienda Heights, Monterey Park and various portions of the unincorporated area of Los Angeles County. It operates from its 13-acre site in the City of Industry at which it stores and maintains its fleet. The company intends to purchase various natural gas fueled collection vehicles and to construct both fueling stations (compressed natural gas and diesel) and a 7,000 square foot vehicle maintenance facility.</p> <p>2) Grand Central Recycling and Transfer Station, Inc., (affiliate of Project Sponsor) a related company, owns and operates an 113,000 square foot transfer station and Materials Recycling Facility at its 10-acre site located directly adjacent to Valley Vista Services, Inc. Grand Central Recycling and Transfer Station, Inc. intends to create a green waste biomass facility which will transform both green waste and food waste into green (diesel) fuel and compost material utilizing an anaerobic digestion system.</p> <p>Both of these projects are designed to increase recycling throughput from the company's existing client base and to accommodate an ever-increasing volume. The new vehicles will provide fleet replacement.</p>
The John and Jacqueline Scheenstra Trust/JDS Ranch	\$2,350,000	<p>The Project's principal activity is dairy farming. The proposed Project consists of a modern "open corral" dairy design and supporting agricultural crop production. The total site area is approximately 1,200 acres of farmland. The dairy will occupy 320 acres and the remaining 880 acres will remain under agricultural use, supplying feed crops to the dairy. The Project will recover and divert approximately 12,800 tons of waste per year from landfills. The Project will improve the water quality by diverting the waste away from possible contamination of groundwater and surface water sources. The Project will create 25 new full-time jobs as well as 60 temporary jobs during construction and 10 additional part-time jobs to help grow the feed necessary to support the project.</p>

### 2003 Summary Of Benefit By Project

Non-first Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
Waste Management, Inc.	\$35,700,000	The Project will enable Waste Management and its affiliates to increase recycling and diversion efforts in order that the cities, with which they are under contractual agreement, may meet their regulatory waste stream diversion mandate. The proposed Project consists of the construction of buildings and the purchase of new equipment for various Waste Management owned facilities throughout California. Such improvements will include the acquisition, construction and/or installation of cell linings, environmental monitoring equipment, landfill cell and site development facilities, methane gas collection systems, leachate collection systems, certain closure expenditures as required by federal and local regulatory agencies and certain expansion expenditures relating to increasing efficiency of certain sites. According to the Project Sponsor, collectively the projects will divert over 400,000 tons of solid waste per year from landfills in the targeted regions and generate over 365,000 tons of salable recyclable materials.
Republic Services, Inc.	\$30,000,000	The Project will enable Republic Services, Inc. and its affiliates to increase recycling and diversion efforts in order that the cities with which they are under contractual agreement may meet their regulatory waste stream diversion mandate. According to the Project Sponsor, the projects collectively will divert 40,000 tons per year from landfills in the targeted regions and generate over 6,000 tons of salable recyclable materials. The Project will create 300 new permanent, full time positions and over 10 permanent, part-time positions and approximately 75 jobs during construction.